

## THE FINANCIAL SITUATION.

The effect upon financial markets of the grave illness of the monarch of one of the great countries of the world depends upon two facts: First, whether existing financial conditions are or are not already disturbed; and second, the degree in which the ruler in question possesses actual power. At a time when monarchs were the sole source of governmental authority national policies were obviously profoundly affected by disasters to individual lives. But this condition is wholly changed in many countries nowadays and greatly altered in nearly all countries; so that the death of a ruler is not now the momentous event that it used to be. If business is bad when a King dies the occurrence usually adds to the unsettlement, temporarily; if things are prosperous, the matter only causes a few days of dull trade, and in no country can the death of a ruling monarch exercise a less unfavorable effect than in England. The truth was speedily recognized here when the news came last Tuesday of what seemed to be the mortal sickness of the English King; and Wall Street, after an hour's wonderment over what was going to happen, quietly arrived at the proper conclusion that nothing would happen worth bothering about.

The other developments of the week that called for attention were the breaking of the drought in Texas, the continued wet weather in the spring wheat region, the additional evidence brought to light of the "structural weakness" characterizing so many of the recent industrial combinations and the decision of the Democratic Congressional Campaign Committee to abandon the issues of "Imperialism" and free silver and make the fight in the fall elections upon trusts and the tariff. The rain has come in Texas in time to save all or most of the cotton crop there, but the corn crop of the State is well-nigh ruined. The broad favorable fact underlying the crop situation of the land is the greatly increased acreage of corn and cotton, and taking acreage and weather and everything into consideration the general observation must be made that the outlook for the crops is good. That those crops, if assured, mean another year of high prices and "boom" in the United States is a further and another question. In only two years of the last decade was there marked disease to any one of the great staple crops of the country; and in that time Wall Street saw many gray days.

Despite the activity in certain branches of the railway life upon the Stock Exchange and the circulation of alluring reports that this or that railroad security is to be "taken in" to a consolidation of some sort or other at a considerable enhancement of its present market value, outside investors and speculators steadily refuse to interest themselves in the security market and the insiders are left, as they have been for many a month, to carry along their buying movement themselves. Even the bond market has been very dull, an unusual circumstance for the days immediately preceding the July disbursements. No one seems to know exactly why the price of Missouri Pacific is advancing, or who is advancing it, and no one seems to care very much. Illinois Central is a stock that, at 140, was considered by competent people to be selling below its value; but Illinois Central at 160 is a different proposition. All sorts of stories have been floated concerning the St. Paul shares, and the stock is admittedly cheap by the side of Northwestern common, which is the argument most frequently heard in its favor. But there are those who think that Northwestern common is selling altogether too high and that its price represents not value but a determined contest for control which was by no means ended at the last meeting of the company. Trustworthy opinion is that there is not the least change in the conservative policy of the St. Paul directors in the matter of dividends or as to the wisdom of keeping the resources of the company safely stored for a future day of battle.

To those who sincerely wonder at the public apathy in stock market concerns perhaps the history of the industrial shares in the last week, to go back no further, may be illuminating. When the Western gentlemen came to New York three months ago proclaiming that this city was the busiest place in the country and that things here needed a real lively Western waking up, they chose as the leader of their "bull" campaign that typical Western security, Colorado Fuel and Iron. Colorado Fuel and Iron was the greatest iron and steel company on the globe, its common stock would sell at 150 before July 1. As the price of the stock was rapidly bid up, and then, upon the disclosure that the dividends distributed by the company in the past year were largely in excess of earnings, the price fell as rapidly. Again the price was advanced by man force, but the effort failed after a brief strain. The company has now suspended all dividends upon its common shares for the purpose of making "needed improvements," and the small portion of the "outside" public who were induced to follow the Western gentlemen in the process of waking up sleeping New York find that the operation is not what it was cracked up to be. The pockets emptied in this manner within the last two years explain, in considerable degree, at least, the present coldness of people toward Wall Street. With Colorado Fuel and Iron, it was as with American Ice and the Distilling Company of America and a hundred other industrial concerns in which millions of money have been lost. The fundamental trouble was organization and capitalization with Wall Street in mind rather than business prudence. Large provision for the profits of promoters, small provision for working capital, ample and necessary expenditure, hasty distribution of earnings upon common shares which represented water only, and distribution, sometimes, when there were no earnings at all—that has been the history of many, though by no means of all the consolidations of business concerns into so-called trusts within the last six years. Disaster from such cause is what may be styled initial and necessary failure. But notably since the 1st of January have all these great combinations in which there has been an attempt, even of more or less benevolent character, to suppress competition met with a resistance which can only be compared to the rising tide of the sea. Proof is at hand in all these instances the abiding result of the process has been to increase competition rather than to discourage it. Skilled men have been set free from old companies absorbed into the new consolidations, to start new companies of a similar sort upon a careful and substantial basis, and these men have had no difficulty in getting all the money they required for the purpose. The forces which have reduced the great Sugar company's control of 90 per cent. of the country's business a few years ago to 50 per cent. to-day, are powerfully at work in every industry in which large profits are made, and the larger the profits and the greater the prosperity of the country try as a whole, the surer and more quickly these forces will accomplish their destined result. It is this principle and none other that has compelled the Western Union's

wires to divide their field in Pennsylvania and elsewhere with their Postal Telegraph rival; and it is this same principle and none other that is propelling Mr. Gould's railroad lines from the Southwest through the Pennsylvania Railroad's territory to the Atlantic coast.

There is little to be said about the coal strike. The strike has certainly developed the use of bituminous coal in an extraordinary degree all over the eastern part of the country; and the declaration is constantly heard from this or that factory owner who has been using cheap bituminous coal with some smoke-consuming device, that he does not propose to use anthracite coal again if he can help it. Indeed, the word is quietly passing around that at the proper time it will be discovered that certain bituminous coal interests did their full share in work in producing the present trouble. The cessation of the war taxes to-morrow means, apparently, a decrease in the revenue of the Government, but this may not help the money market at once, as merchants have undoubtedly delayed taking goods out of bond until the taxes are reduced, and thus the amount of goods to taken out and the gross taxes paid upon them will be greater just after the reduction than before it. So far as Wall Street commission houses are concerned, the abolition of the taxes on sales of stocks facilitates trading, but this helps the bear as much as the bull.

Amalgamated Copper is weak, and very naturally. The copper situation is just about as bad as it can be, and this time, too, the reason for the depression is something that everybody can understand. The maintenance of the price of copper for a long time at 16 and 17 cents a pound stimulated production in every quarter of the globe. It also caused consumers to use up all the reserve stocks which they normally carried and to buy copper only for a few days' supply at a time. On the drop to 11 cents a pound these consumers here, in Europe, and everywhere, again replenished their reserve stores. The enormous exports of copper from this country immediately following the great fall in price obviously did not represent consumption alone, for the exports were three or four times as great as in an ordinary year. They simply indicated the process of replenishment of reserves. Now, finally, this process has been completed, and the copper world has to meet the question of a greatly stimulated production of the metal and a purely normal demand for it. The question has been answered thus far in the only way possible, namely, by a concession in the price of the product; and this concession will obviously proceed until production of the metal is checked. So far as the Amalgamated company is concerned it is extremely doubtful if it is earning any money under present conditions; indeed, the opinion in the copper trade seems to be that that is a rather moderate way of stating the case.

PHILIP KING,  
FINANCIAL AND COMMERCIAL.

UNITED STATES AND STATE BONDS (10000):

**Sales.** Name Open High Low Last Close  
1900 U.S. 100 100 100 100 100 100

1900 U.S. 100 107 107 107 107 107

1900 U.S. 100 103 133 115 133 133

1900 U.S. 100 99 99 99 99 99

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RAILROAD AND OTHER BONDS:

**Sales.** Name Open High Low Last Close  
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1900 A & T 100 92 92 92 92 92

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RAILROAD AND OTHER BONDS:

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